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THE AGRIBUSINESS PROJECT



QUARTERLY PROGRESS REPORT – V
OCTOBER– DECEMBER 2012

JANUARY 30, 2013

THE AGRIBUSINESS PROJECT

Quarterly Progress Report– V (October– December 2012)

Cooperative Agreement No. AID-391-A-12-00001

January 30, 2013

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The authors' views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

ABBREVIATIONS AND ACRONYMS

AOR	Agreement Officer's Representative
ASF	Agribusiness Support Fund
BDS	Business Development Services
BDSPs	Business Development Services Providers
BRC	British Retail Consortium
EA	Environmental Assessment
COP	Chief of Party
FAO	Food and Agriculture Organization of United Nations
FEG	Farmer Enterprise Group
GAP	Good Agricultural Practices
ICT	Islamabad Capital Territory
IEE	Initial Environmental Examination
IFS	International Featured Standards
KFS	Kissan Field School
LUMS	Lahore University of Management Sciences
M&E	Monitoring and Evaluation
NGO	Non-Government Organization
PEA	Programmatic Environmental Assessment
PTC+	Practical Training Centre
PRC	Planning and Review Committee
PRHA	Participatory Rural Horticultural Appraisal
PRLA	Participatory Rural Livestock Appraisal
PERSUAP	Pesticide Evaluation Report and Safe use action plan
RSP	Rural Support Programme
SEDF	Sindh Enterprise Development Fund
SMC	Strategic Management Committee
SME	Small and Medium Enterprises
SoW	Scope of Work
TA	Technical Assistance
USAID	United States' Agency for International Development
VCP	Value Chain Platform

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1 Project Overview

1.1 Introduction

The Agribusiness Project funded by USAID Pakistan is being implemented by Agribusiness Support Fund (ASF) in collaboration with International and national partner organizations. This five years project, commenced on 10th November, 2011 and aims at increasing competitiveness and productivity of horticulture and livestock sub-sectors in Pakistan. The overall goal of the Project is to support improved conditions for broad-based economic growth, create employment opportunities and contribute to poverty alleviation through increase in competitiveness of horticulture and livestock value chains in partnership with all stakeholders.

The Project was designed to address priority problems and constraints impeding development of the agriculture sector in Pakistan. Interventions under the project focuses on improving and strengthening off-farm and on-farm activities by enhancing competitiveness of enterprises to explore and exploit their potential in both domestic and international markets. Keeping in view the diversity and spread of agriculture production in Pakistan, and with a view to ensure effective implementation, a sub-sector cluster approach is being adopted by the Project, whereby areas with the greatest potential for value addition, employment creation and outreach will be prioritized and targeted. In addition, overlapping with other USAID funded project is also avoided in the selection of value chains. The project will serve as a catalyst to leverage private sector's investment in agribusinesses and related enterprises as a means for NGOs/RSPs, BDSPs and other community organizations (FEGs/KFS) to provide agribusiness support services in their communities with the ultimate objective to strengthen private sector value chains to become commercially viable and sustainable.

1.2 Goal

The overall goal of The Agribusiness Project is to support improved conditions for broad-based economic growth, create employment opportunities and contribute to poverty alleviation through increase in competitiveness of horticulture and livestock value chains in partnership with all stakeholders.

1.3 Objectives

The objectives of the project are to:

- strengthen the capacity in horticulture and livestock value chains to increase sales to domestic and foreign markets;
- strengthen the capacity of smallholders and farmer enterprises to operate autonomously and effectively; and,
- increase agriculture efficiency and productivity through adoption of new farming techniques and technological innovation among targeted beneficiaries.

1.4 Components

The project activities are organized into the following two project components:

1.4.1 Technical Assistance (TA) for Capacity Building and Program Support:

Under this component of the Project on-going technical assistance and capacity building support is provided to upgrade and strengthen the targeted value chains in horticulture and livestock sub-sectors. Assistance is provided through its four sub-components including international TA and program delivery support, international market linkages development, establishment and strengthening of Kissan Field Schools and capacity building, training and awareness. An abstract of the technical assistance component is given below:-

- i. **International Compliance Certifications Program:** Support is being provided to enterprises for demand based certifications for enhancing capabilities of enterprises for compliance to requirements of high end markets (domestic and export).
- ii. **International Markets Access Program (IMAP):** The IMAP aims to facilitate a significant increase in sales to domestic (high end) and export market of the target value chains by providing support to key

stakeholders including selected enterprises, processors, market functionaries and exporters to participate in international exhibitions, trade shows, trade fairs and other international trade promotion events.

- iii. **Establishment of Value Chain Platforms (VCPs):** The activity aims to establish several Value Chain Platforms with the purpose to validate findings of the studies and develop consensus among key stakeholders for the value chain development priorities. Through the platforms a broad range of stakeholders involved within the value chains will be brought together to develop value chain road-maps. Each platform will bring together relevant players from the targeted value chains to address specific or general gaps and to develop a common vision and agreed strategies.
- iv. **International Market Linkages Program (IMLP):** The IMLP is providing TA support for agricultural marketing and brand development directed to identify and capitalize on opportunities in high-price markets to develop linkages for Pakistani agriculture products.
- v. **Technical and Managerial Trainings:** The Project is offering a program of technical and managerial trainings for farmers, enterprises, BDS providers, agricultural professionals and other relevant stakeholders for building necessary capacities. A diversified range of trainings are being offered under the program to build the capacity of sector, e.g. agribusiness management, off-season farming, dairy farm management, dairy processing, quality certifications, halal processing branding, drying and dehydration of fruits and vegetables, good agricultural practices etc.
- vi. **Organization of Kissan Field Schools in Selected Value Chains:** To address the productivity gap and quality assurance right from the point of production it is imperative to have necessary skills and capacity of farmers. The concept evolved from Farmer Field Schools (FFS), pioneered by FAO. KFS is different from FFS on two accounts, firstly under the KFS the overwhelming focus will be on small holders producers (locally known as kissans-small farmers as opposed to zamindars-farmers) and secondly it will explore opportunities for the KFS participants to be linked to markets. The KFS is being undertaken within the priority sub-sectors / value chains on nationwide basis.
- vii. **Capacity Building of Business Development Services Providers:** International experience indicates that the viability and profitability of agribusiness enterprises depends on the speed at which each enterprise is able to build within itself the different skills, know-how, expertise, and understanding of the dynamics of markets in the face of a fast-changing economic environment. An effective method for building these capacities within the agribusiness enterprise is through the utilization of demand-driven external Business Development Services (BDS). BDS are a wide range of services used by enterprises to help them operate and improve the performance of the enterprise, access to markets, and their ability to compete. The project is providing support to build capacity of BDS providers in value chain specific and cross cutting areas such as quality certifications.
- viii. **Formation of Farmer Enterprise Groups (FEGs):** This activity is being implemented through NGOs, RSPs and other community organizations to establish small farmers into FEGs within identified clusters, and to provide these with matching grants for value added activities (processing, grading/packing, storage and marketing) on commercially viable and sustainable basis. The organization of farmer groups is facilitating collective action and joint access to services and resources. The focus is being on delivery of quality products to markets or acquisition of inputs for enterprises.

1.4.2 Partnership Window Cost-Sharing Grants.

This component encompasses cost-sharing grants program, offering a wide range of grant products to all players within targeted value chains including agribusinesses¹, farmers and farmer enterprise groups for better integration into domestic and export market chains. Grants are also being provided to farmers' associations,

¹ processors, exporters, marketers, value adding and other related SMEs

processors and exporters, transporters, service providers, universities and research institutes, NGOs, Rural Support Programs (RSPs) and other key players in order to address weakness and market failures with ultimate objective to strengthen private sector and market systems. Focus of investments under the project is on up-stream marketing and processing (off-farm) aspects of the value chains for fostering value addition and to capitalize on the strengthened capacities through assistance provided under TA component.

Types of Grants

A variety of grants are being provided under the project, which includes:

- i. **Farmer Enterprise Group (FEG) Support Grants** – Eligible applicants are being the FEGs formed by the Non-Governmental Organizations (NGOs) and Rural Support Programs (RSPs).
- ii. **Support to FEG's Clusters, Farmers' Associations, Business Associations and Cooperatives**– Eligible applicants include FEGs' clusters, farmers' associations, business associations and cooperatives which may scale up from the FEG formation component of project. Other existing registered farmers' cooperatives and associations, including farm service centers, business associations (exporters, processors etc.) and other similar establishments, which are under process of registration, are also eligible for support.
- iii. **Support to Individual Farmers and Enterprises engaged in Farming** – Eligible applicants include individual farmers and enterprises interested in setting up and / or enhancing on-farm production and allied facilities.
- iv. **Research & Development / Private Sector Agriculture Extension Services Grants** – Eligible applicants include private sector extension service providers, research institutions, farmer associations, individuals or enterprises proposing to commence private sector extension services or research projects; processors, exporters, brokerage firms, electronic & print media / information dissemination services and lead retailers who are involved or seek to be involved in the provision of extension services to farmers as part of their business.
- v. **Enterprise Development Grants (Challenge Grants)** - Eligible applicants include start-ups / expansions by partnership concerns, private limited companies, public limited companies engaged in agribusiness activity, e.g. processors, traders, exporters, cool-chains, packagers, transporters etc.
- vi. **Enterprise Development Grants (Lead Company Grants)** – Eligible applicants include start-ups /expansions by partnership concerns, private limited companies, public limited companies engaged in agribusiness activity, e.g. processors, traders, exporters, cool-chains, packagers, transporters etc. with special focus on underserved regions of country.

1.5 Structure of the Quarterly Progress Report

This quarterly report of the project is submitted as per provision of the cooperative agreement signed between USAID Pakistan and ASF. It covers the activities carried out by the project during the period from October 01, to December 31, 2012. In addition to the preliminaries, the report comprises of three sections, and Annexures.

- The first section briefly introduces the project background, goal, objectives, components, staffing details, and financial progress during and up to the reporting quarter.
- The second section provides highlights of the achievements and activities carried out by the project during the reporting quarter. It provides information on the progress achieved against the planned targets.
- The third section provides progress update against indicators in results framework

These sections have been structured with a view to facilitate an essential understanding of the broader achievements of the project in general and particularly during the reporting quarter.

1.6 Financial Summary

Duration of the Project:	Nov. 10, 2011 to Nov. 09, 2016
Cooperative Agreement No.	AID-391-A-12-00001
Total Estimated Agreement Amount:	USD 89,412,942
Amount obligated to date:	USD0, 27,300,000
Accrued expenditures reporting quarter:	USD 2,038,685
Cumulative accrued expenditures to date:	USD 6,388,165

The detail financial progress is placed at Annexure-1.

2 Project Highlights & Accomplishments

2.1 Summary of Progress

Major activities undertaken during the reporting period included the following:

- i. As of December 2012, seven companies, who participated in the World Food Moscow in September 2012 have reported receiving nine export/sales orders worth USD 9,740,350 to buyers in Germany, Russia, (Moscow and Saint Petersburg), Indonesia (Jakarta), China Denmark, besides employing 63 new staff (42 male and 21 female i.e. 33% female) in their businesses.
- ii. 1061 rural households benefited directly from USG interventions during reporting quarter, making the total rural households benefited to 1773.
- iii. 82 participants trained in horticulture and livestock training courses to improve their knowledge, skills and to adopt modern technologies in relevant disciplines during the quarter, whereas total participants so far trained in 17 technical and managerial trainings comes to 409 (329 male and 80 female)
- iv. Capacity of 21 Business Services Development providers was built for efficient delivery of relevant services to agribusinesses.
- v. Four companies were facilitated to participate in EuroTier (November 13-16, 2012). Dairy and livestock products from Pakistan were introduced to international buyers.
- vi. Ten companies got British Retail Consortium (BRC) and International Featured Standards (IFS) certifications with support of USAID Agribusiness project.
- vii. Meat value chain analysis study and Landhi Cattle Colony in Karachi have been completed.
- viii. Preliminary findings of studies on dairy sector were shared by consultants.
- ix. One representative from National Technical Working Group formed by Agribusiness project was supported to attend the Global G.A.P Summit, Madrid, Spain held from November 6-8, 2012. The summit provided a platform to exchange experiences with and learn from international retailers, manufacturers, producers and certification organizations on issues related to safety, traceability and sustainability.
- x. Five VCP members attended a short course on “Agribusiness Management” at AIT, Bangkok
- xi. 30 participants (15 facilitators and 15 farmers from Farms services centres) from FATA participated in training and exposure visit to Islamabad, Sargodah, Faisalabad and Lahore.
- xii. The participatory rapid horticulture and livestock assessment assessments were carried in all the project regions. 16 data validation workshops were held in 10 regions and attended by 333 participants (305 male and 28 female). The PRHA/LA reports are being published.
- xiii. Eleven (11) implementing partners (non-governmental organizations) have been engaged for formation of 3000 FEGs with a total of 45,000 beneficiary members and thus impacting the lives of an equal number of households (HH). FEG formation would result in employment creation by engagement of these groups into viable agribusiness enterprises, will overcome diseconomies of size and enhance bargaining power; encourage value addition mainly through grading, packaging, branding, storage & marketing arrangements and develop long-term equitable relationships with agribusiness enterprises including traders, processors and retailers.
- xiv. The Agribusiness Project entered signed cooperative sub-agreements with 11 sub-awardees (NGOs) under the Partnership window cost-sharing grants component for formation of Farmer Enterprise Groups (FEGs) by organizing smallholder farmers into groups to engage in collaborative agribusiness (horticulture, livestock and dairy) activities including production, post-harvest processing, value addition and marketing. The ceremony was attended by. Mr. Alex Their, Assistant to Administrator USAID, besides other USAID and project staff.

- xv. One of the implementing partners formed 68 Farmers Enterprise Groups including 8 female FEGs in high value vegetable and pickle production in Peshawar region, which would result in employment generation by engagement of these groups into viable agribusinesses.
- xvi. Twenty tunnels installed for 11 FEG members with support of Agribusiness Project in rural Islamabad for growing high value vegetables using improved technologies/tools with the aim to increase their incomes by linking to markets in addition to employment generation. Cultivation of vegetables is in progress. The activity will generate 30 direct employments and result in at least 20 % increase in income of eleven FEG members. FEG members have installed additional tunnels at their own enabling project interventions to move towards scaling up and achieving objective of investment leveraging.
- xvii. All procedural requirements and procurement process for in-kind grants of milk chiller & solar dryer has been completed. The Grant products will be provided during the next quarter.
- xviii. Grant product advertised for establishment of grapes orchards in Pothohar and Azad Jammu Kashmir region has been made. This initiative would result in creating jobs at various levels of value chain and increased incomes of associated farmers.
- xix. Six exporters/companies selected out of 18 applicants to participate in Fruit Logistica in Berlin Germany.

2.1.1 Meetings of PRC

The fourth and fifth meetings of the Progress Review Committee (PRC) were held in October and December 2012 respectively. The PRC provided an opportunity to the regional offices to discuss and review the progress made by each region in implementation of work plan activities for Year-1 and preparation of work plan for year-2 of the project. The PRC consisting of SMC members and Regional Managers was constituted to undertake the project planning, progress review and experience sharing within ASF offices for overall efficiency and effectiveness of the project. One of the sessions of PRC meeting held in December 2012 was also attended by the AOR USAID.

2.2 Programmatic Environmental Assessment

The project activities are contingent upon a programmatic environmental assessment (EA), for which technical assistance is being provided by CNFA. The umbrella Pesticide Evaluation Report and Safe use action plan (PERSUAP) and Initial Environmental Examination (IEE) have already been done. The later determined the need for a Programmatic Environmental Assessment (PEA) for various project activities excluding those considered under categorical exclusion.

During the reporting quarter, the Scoping Statement (SS) for the environmental assessment of the project was developed and reviewed by Mission Environmental Officer (MEO) and other concerned at USAID. The amended scoping statement has been submitted to USAID.

2.2.1 Environmental Documentation Forms

32 Environmental Documentation Forms (EDFs) at district level were developed for project activities including milk chilling units, solar dryers and FEG components such as Goat Keeping, Kitchen Gardening and Pickle Production. The samples were submitted to USAID MEO for review and approval. Based on the comments and suggestions by MEO final sample EDFs were developed. It was decided by USAID that EDFs for each activity should be prepared separately due to the reason that activities are being implemented in various geographical locations with varying environmental conditions. 141 EDFs were developed and approved by USAID as per details given below.

- Solar Drying Units: 53 EDFs in all regions except Islamabad and Quetta regions.
- Milk Chilling Units: 88 in all regions except Gilgit region.

The Environmental Compliance System was developed and presented during the internal project staff meeting. The system requires initiation of environmental compliance in the form of site inspection by the regional staff and then EDF development by Head office in Islamabad. Similarly, the monitoring has been decided to be carried out by regional staff under the supervision of M&E at Head Office.

2.3 Progress on Technical Assistance and Capacity Building Support

2.3.1 International Compliance Certifications Program

In response to expression of interests (EOI) floated by UAP for this activity, twenty exporters/processors/farmers were selected. Contract was signed with one Certifying Body² and two Consulting Firms³. Consultation and certification process was initiated for the selected twenty exporters/processors/farmers for British Retail Consortium (BRC), International Features Standards (IFS) and GlobalGAP certifications. Audits of ten companies completed for BRC and IFS certifications and minor non-compliances are being rectified by consulting firms, subsequently certificates will be issued.

2.3.2 International Market Access Program

The Project supported four Pakistani processing and exporting companies (dairy and livestock) to participate in EuroTier from November 13-16, 2012 at Hanover, Germany for promotion of dairy and livestock from Pakistan. The delegation benefited from latest technology available and technical sessions from leading experts, attended business to business (B2B) meetings with foreign traders that would contribute to increased sales in local and foreign markets.

2.3.1 Participatory Rapid Horticultural and Livestock Appraisal Studies

In the first year the project planned and conducted Participatory Rapid Horticulture/Livestock Appraisal (PRH/LA) studies in all of its project regions throughout Pakistan. The appraisal was conducted with an objective to prepare the stage for focusing project intervention as well as for the project baseline and value chains benchmarking studies. The PRHA exercise allowed for a quick assessment of the sub-sector, including prioritization of value chains, identifying and prioritizing opportunities and relevant constraints impeding the realization of the opportunities as well as an assessment of the current state of the services provided by various facilitators to agribusinesses in the region. Further, linkages of the sub-sectors with local and national markets were also explored.

The Participatory Rapid Appraisal methodology provided for probing, analysis, and validation of information as they unfold during the field work. Thus these PRHA/LA studies comprising of first-hand information and secondary data served as the main ground in identifying and prioritizing horticulture and livestock value chains for each region. Participatory Rapid Horticulture Appraisal and Participatory Rapid Livestock Appraisal studies were conducted separately for each region to enable better targeting and focusing project interventions. Covering 50%

districts of every region, the exercise was undertaken in



Figure 1 PRHA/LA Workshop



Figure 2 PRHA/LA Workshop

²BureauVeritas

³Quality Systems and Star Farms

the randomly selected settlement/villages within each cluster/region. Under the Participatory Rapid Appraisal approach, focus group discussions were carried out with various actors of the value chain using a standardised template. The template focussed on identifying value chains and gathering information related to employment, losses and commercialisation in each value chain. Each focus group consisted of 10-15 stakeholders, a representative sample of sub-sector. In each district, 2-3 Focus Group Discussions were carried out. These PRHA/LA studies were designed by the Monitoring, Evaluation and Communication Department with the support of horticulture and livestock consultants. Each regional M&E representative completed this activity in their region in two weeks with the support of regional specialised teams. 16 PRHA/LA data validation workshops were held in the project regions and attended by 333 participants (305 male and 28 female).

The value chain prioritization was done in alignment with project targets based upon major value chains existing in the region, opportunities, constraints and state of the business development services to provide required basis for focusing project interventions. Seven factors were applied in the prioritization of value chains including; (i) commercial worth; (ii) growth potential (iii) extent of employment generation; (iv) percentage of small farmers associated, (v) women involvement; (vi) households associated with the value chains; and, (vii) vulnerability of the concerned value chains. The 16 value chains prioritised for the year-2 of the project is placed at **Annexure-2**.

2.3.2 Baseline Study

After finalization of prioritized value chains through PRHA/LA studies, a baseline study was conducted in the first year of The Agribusiness Project with the main objective of benchmarking The Agribusiness Project indicators, with respect to selected sixteen value chains. This baseline study was conducted throughout Pakistan (in all project regions) to gauge the current situation of the selected value chains and its key actors (producers, service providers, market agents and processors).

This baseline report is based on an extensive study conducted throughout Pakistan in all of the project regions. This study comprises of (i) analysis of available, published reliable and valid secondary data; (ii) PRHA/LA study findings and (iii) primary data collection through field survey. Five different close ended questionnaires were developed and used to gather data from each of the following:

- Producers of horticulture
- Producers of livestock
- Service providers (Horticulture and Livestock)
- Market agents (Horticulture and Livestock)
- Processors (Horticulture and Livestock)

2.3.3 Detailed Studies on Selected Value Chains

The following studies were carried out by the Agribusiness Project.

- i. **Meat Value Chain Analysis:** A comprehensive Meat Value Chain Analysis was completed, highlighting major constraints faced by meat sector and interventions to overcome the identified constraints. The study was carried out by international consultant with support from counterpart national value chain expert. The team carried out field visits and meetings with various stakeholders in Lahore, Islamabad and Karachi regions. The following major interventions areas were identified by the Meat VC analysis study with detailed interventions under each area are proposed.
 - urgent and necessary improvement of the institutional structures,
 - improving the productivity of the livestock sector,
 - improving the local infrastructure,
 - training in all sectors of the value chain, and
 - Stimulating the demand for meat in the sector driven from the retail side as the catalyst.

The meat value chain analysis, findings, and recommendations were shared with USAID Pakistan by the International consultant and Agribusiness Project team. Meat value chain Analysis completed which will lead to designing of need-based products for strengthening of meat value chain in Pakistan. These products will focus on leveraging investment and employment creation across meat value chain.

- ii. **Dairy Value Chain Analysis:** A detailed Dairy Sector Value Chain Analysis was initiated, highlighting major constraints faced by Dairy sector in Pakistan and interventions to overcome the identified constraints. The objective of the study was to improve the conditions for economic growth, create employment opportunities and contribute to poverty alleviation by increasing competitiveness in the dairy value chain. The study was carried out by international consultant with support from counterpart national value chain expert. The team carried out field visits and meetings with various stakeholders in large cities of Pakistan. The draft report on dairy value chain analysis, findings, and recommendations will be prepared in the next quarter. This study will help design need based interventions in Dairy sector for the Agribusiness project.
- iii. **Landhi Cattle Colony Study:** A study on Landhi Cattle Colony was initiated, highlighting major constraints faced by Dairy sector in Pakistan and interventions to overcome the identified constraints. The Landhi cattle colony was recognized in 1957. It is spread over 752 acres of land allocated, one mile from the sea. The land allocation was initially for 30 years to 500 farmers for 15,000 animals, however, presently, 1600 acres are occupied by 3,000 farmers with around 400,000 animals and 33,300 laborers. Milk is the major produce of the Colony i.e. around 3.2 million litres per day (8 litres/head average). Meat is the minor produce of the Colony i.e. around 1,000 animals per day being sold from the Colony. The study was carried out by international consultant with support from counterpart national value chain expert. The team carried out field visits and meetings with various stakeholders in large cities of Pakistan. The draft report on dairy value chain analysis, findings, and recommendations has been shared with USAID Pakistan. Some of the proposed short term and long term recommendations are as under:-

Proposed Interventions - Short term

- Farmer and farm labor training. Establish a day release training center in the colony for animal husbandry.
- Establish a nutrition laboratory in the colony for farmer and feed mixer's use.
- Introduce least cost ration formulation practices. Staff training for the lab.
- Assist in the introduction of stainless steel milk cans of approx. 38 litres and dairy detergent use to improve hygiene and increase milk keeping quality.
- Communal showers for buffalo during the hot season
- Encourage farmers in timely and bulk purchase of feedstuffs.
- Discourage the use of Diclofenac Sodium and where possible the use of Oxytocin.

Proposed Interventions - Medium term

- Assist a local processor close to Landhi colony to establish a mozzarella cheese plant and assist in obtaining access to international markets.
- Introduction of an affordable milking machine.
- ASF should recommend policy change towards the removal of the 'fixed prices' for meat and milk
- Disincentives to improvement.

This study will help design need based interventions in Dairy sector for the Agribusiness project

2.3.4 Meetings of Value Chain Platforms

The following three Value Chain Platforms⁴ were established and made operational functional with the objective to validate findings of studies and develop consensus among key stakeholders for value chain development priorities.

⁴Each platform brings together relevant players from the targeted value chains to address specific or general gaps and to develop a common vision and agreed strategies. The national and regional VCPs facilitates inter-professional consultations among intermediaries and stakeholders including farmers, members of associations, processors and traders, services and technology providers, R&D providers, government agencies, and policy-makers related to the specific value chains.

- National Agribusiness Forum (NAbF)
- National Technical Working Group-Global GAP (Fruits and Vegetables)
- National Technical Working Group-Global GAP (Livestock and small ruminants)

The first meeting of the Executive Steering Committee of the NAbF was held on October 23, 2012, at the Serena Hotel, Islamabad. Three meetings of National Technical Working Group-Global GAP (Fruits and Vegetables) was held in September 2012 and attended by members. There is an ongoing debate about adapting and advocating for Global GAP standards for Pakistan.

2.3.4.1 Meeting of NAbF

The first meeting of the Executive Steering Committee of the NAbF was held on October 23, 2012, at the Serena Hotel, Islamabad. The participants viewed that the NAbF will provide a voice to policy level concerns, and 20 Value Chain Platforms operating in Horticulture and Livestock sub-sectors. The members of NAbF highlighted pertinent issues prevalent to agribusinesses, mainly access to finance, markets and competitiveness. A list of recommendations for horticulture and livestock sectors, which included industry-academia linkages, standardization and certification issues, lack of information sharing and lack of a regulatory framework to support agribusiness, were suggested by the members of NAbF.



Figure 3 Members of first meeting of NAbF held on October 23, 2012, at the Serena Hotel, Islamabad



Figure 4 Members of first meeting of NAbF held on October 23, 2012, at the Serena Hotel, Islamabad

2.3.4.2 Training of National Technical Working Group-Global GAP (Fruits and Vegetables) members from November 5–16, 2012; Agribusiness Management Training, Thailand.

Four participants from National Technical Working Group-Global GAP (Fruits and Vegetables) formed by Agribusiness Project were supported to attend Agribusiness Management Training Program at the Asian Institute of Technology in Thailand (AIT). The purpose was to enhance participants' ability and capacities on key horticultural issues and to update their knowledge, skills and abilities for the development and promotion of agribusiness (horticulture). The training course covered modules related to agribusiness development techniques including planning, operations, industrial development, case studies and new technologies. Field visits were also attended by the participants to local businesses, companies, farmers associations and cooperatives, food processing and preservation facilities.



Figure 5 Participants of the Agribusiness Management Training, Thailand.



Figure 6 Field Visit of Participants of Training

2.3.4.3 Training of National Technical Working Group on Global G.A.P from November 6-8, 2012; at Global GAP Summit, Spain.

One representative from National Technical Working Group formed by Agribusiness project was supported to attend the Global G.A.P Summit, held in Madrid, Spain. The summit provided a platform to exchange experiences with and learn from top international retailers, manufacturers, producers and certification organizations on issues related to safety, traceability and sustainability. The representative presented update from Pakistan and future course of action under the Agribusiness project. The first Global G.A.P awards ceremony also took place to honor participants who demonstrate a high level of commitment to innovation in agricultural sustainability and integration of Global G.A.P standards in their business models. Maken farms from Sargodha were a nominee for these awards from Pakistan.



Figure 7: Farmer from the US talking about his experience



Figure 8: Expert Panel on Traceability issues

2.3.4.4 International Market Access Program (IMAP)

- i. Four companies were facilitated to participate in Euro Tier (November 13-16, 2012). Dairy and livestock products from Pakistan were introduced to international buyers. This activity would result in promoting Pakistani dairy and livestock product and increased sales to international markets.
- ii. **Follow-up of International Marketing Events – World Food Moscow:** In September 2012, the project supported ten Pakistani fruits and vegetable exporting businesses to participate in World Food Moscow, the largest agribusiness exposition in the Russian Federation and Central Asia. Pakistani companies

exhibited more than thirteen fruits and vegetables products including dates, potato, chilies, capsicum, gourds, peaches, dried apricots, almonds and processed fresh juices. Participation in this marketing event has not only provided an enabling environment for networking and establishing business to business contacts, but it has started showing remarkable results for increased sales to foreign markets. As of December 2012, seven companies have reported receiving nine export/sales orders worth USD 9,740,350 to buyers in Germany, Russia, (Moscow and Saint Petersburg), Indonesia (Jakarta), China Denmark, besides employing 63 new staff (42 male and 21 female i.e. 33% female) in their businesses. They have appreciated USAID support in this regard and declared participation in the marketing event as a major success.

- iii. One of the participants of WFM, Ms, Noushaba Shahzad, Shahzad Asia International, Islamabad, found her participation in WFM very productive in terms of increasing export sales and developing linkages with two new buyers from Russia and Indonesia. She reported that as a result, her company exported 2000 tons of Mandarin worth USD 1.4 m to buyer in Russia and 4350 tons of Potato worth USD 1.8 m to a buyer in Indonesia, and employed 10 new staff. Ms. Noushaba thanked USAID for providing the opportunity to explore new markets for Pakistani products.
- iv. Six exporters/companies selected out of 18 applicants to participate in Fruit Logistica in Berlin Germany (February 06-08, 2013). Fruit Logistica is World's Leading Trade Fair for Fresh Fruit & Vegetable Businesses.

2.3.5 International Market Linkages Program

Request for Proposal (RFP) for IMLP was published on August 11, 2012 in the weekly Economist. The deadline for submission of application was September 10, 2012, applications received were evaluated and submitted to USAID for approval.

2.3.6 Technical and Managerial Training

Four training events were organized on the following themes during the reporting quarter. The knowledge and skills learned through these training events enabled the participants to apply the techniques in their respective businesses, which will result in increased productivity and sales.

- i. Training on Fruits and Vegetables Processing was organized with the Facilitation of PCSIR Skardu. A five Days training enabled 19 producers and processors of Gilgit Baltistan region to understand and utilize improved fruit processing and packaging techniques. This would result in efficient utilization of the locally available resources and skills for value addition to realize higher incomes.
- ii. Training on "Innovative Dates Drying Techniques using solar energy" was organized in DI Khan and attended by 18 participants Training enabled participants with efficient drying methods of dates using solar energy.
- iii. Training program organized on "export procedures for Horticulture products" at Peshawar and attended by 27 participants. This program helped participants to understand export requirements and procedures.
- iv. Training program on "Halal Foods Lead Auditor course" was organized in Faisalabad from 12-16 November and attended by 18 participants. Participants of this program would be able to conduct audits for Halal certification.

The list of technical and managerial trainings is placed at **Annexure-3**



Figure 9: Training Participants of IFS Good Auditing Practices



Figure 10: Fruits & vegetables Processing Training at PCSIR Skardu

2.3.7 Organization of Kissan Field Schools (KFS) in Selected Value Chains

RFP was issued to Food and Agriculture Organization (FAO) of United Nations on single source basis on July, 18, 2012. The scope of RFP consisted of organizing 2,500 KFS across Pakistan with 62,500 participants resulting in increased income, employment creation, increased productivity and reduction in post-harvest losses. Revised proposal was submitted by FAO on September 18, 2012. Sub-agreement was drafted and submitted to USAID for approval. Process for formation of KFSs will be immediately initiated after signing of agreement.

2.3.8 Capacity Building of Business Development Service Providers

The Agribusiness Project was in the process of participatory assessments and prioritization of value chains at the regional levels, thus the areas selected for capacity building were cross cutting with the understanding that it will complement project interventions in subsequent years. The capacity of twenty (20) business development services providers were developed in the following areas:-

i) Foundation for Food Safety Certification (FFSC) 22000

M/S United Registrar of Systems (URS Pakistan), Karachi, Pakistan with the support of Agribusiness Project completed the lead auditor course for FFSC 22000 and is now authorized to conduct certification and consultancy services to agribusiness clients for FFSC 22000. It is an International Standard developed for certification of Food Safety Management Systems for food manufacturers. It combines the requirements of ISO 22000:2005 (Food Safety Management Systems requirements) and PASS220:2008 (prerequisite programs on food safety for food manufacturing). The FSSC 22000:2010 scheme is fully recognized by the Global Food Safety Initiative (GSFI), the benchmarking body for the harmonization of international food safety standards, along with other food safety management schemes like the BRC, IFS and SQF schemes. The strong element of ISO 22000:2005 in the standard makes it align with other generic management systems such as the ISO 9001 and ISO 14001 to enable effective system integration. FSSC 22000:2010 is specifically designed for food manufacturers. Major retailers around the world require this certification.

ii) ISO 9001:2008 & ISO 22000:2005 (Food Safety Management System)

M/S ACE Management System Consultants, Karachi, Pakistan with the support of Agribusiness Project completed the lead auditor course for ISO 9001:2008 & ISO 22000:2005 and is now authorized to conduct certification and consultancy services to agribusiness clients for ISO 9001:2001 (Quality Management System) and ISO 22000:2005 (Food Safety Management System)

ISO 9001:2008 QMS is a mother of standards and all standards derived from this standard while ISO 22000:2005 (Food Safety Management System) is a standard specially design for food chain to produce, process, pack and deliver a safe food. By implementing this standard agribusinesses (Horticulture, Livestock) can export their products throughout the world.

iii) **British Retail Consortium (BRC) Global Standard for Packaging Issue 4**

M/S RINA SpA, Karachi, Pakistan with the support of Agribusiness Project completed the lead auditor course for BRC Global Standard for Packaging Issue 4 for the first time in Pakistan and is now authorized to conduct certification and provide consultancy services to agribusiness clients for the above certification. Moreover, companies supplying packaging material to fruits and vegetables exporters would now be served by BDSP M/S RINA SpA for BRC Global Standard for Packaging Issue 4. This support complimented to address complete chain for BRC certification.

iv) **BRC Global Standard for Storage and Distribution**

M/S Star Farm Pakistan Pvt. Ltd., Lahore, with the support of Agribusiness Project completed the lead auditor course for BRC Global Standard for Storage and Distribution and is now authorized to conduct certification and provide consultancy services to logistic companies for the above certification. The BRC Global Standard for Storage and Distribution are safety and operational management system standards, applicable to food and non-food products. They are created to ensure supplier compliance, taking into consideration the warehousing, transportation and distribution steps, as well as wholesales and other logistic services, to secure the retailers' abilities to guarantee the quality and safety of the food products that they sell. This support resulted in addressing the complete food supply chain for BRS certification.

v) **GlobalGAP (Fruit & Vegetables)**

M/S Agriculture and Animal Services, Peshawar, Pakistan with the support of Agribusiness Project completed the GlobalGAP (fruit and vegetables) certification and is now authorized to provide consultancy services to horticulture producers and other relevant stakeholder for Global Gap. This would enable them to access international markets.

vi) **Agri-Business Management Training**

M/S Human Resource Development Centre, Peshawar was supported to attend a two weeks course on Agribusiness Management Training at Asian Institute of Technology, Bangkok in November 2012. This training course aimed to enhance participants' ability to plan the development of agribusiness entities, to implement new agribusiness entities, and strengthening existing ones. The training covered topics on agribusiness development planning, operation planning and management, agribusiness promotion and extension techniques, micro-finance, new agriculture/food technologies, and relevant case studies and study visits. The participants also studied cases related to planning and operation of producers and traders in various agribusinesses entities such as vegetables, fruits, poultry, and dairy products. Field visits were organized to agribusinesses, farmers' groups, agricultural cooperatives, small and medium-scale contract farms, food processing and preservation group, to have first-hand experience of various aspects of agribusiness development opportunities and operations. The With Support of agribusiness project One BDSP in Peshawar is now able to provide agribusiness management consultancy and training services in Peshawar.

vii) **Services for Off Season/High Value Vegetable Farming Business.**

With support of agribusiness project 15 BDSPs from different districts of KPK are now able to provide services to farmers who intend to take up off season/ High Value vegetables farming as a business. A recent rapid market assessment revealed that:

- Off season vegetables from KPK are in high demand with buyers from Pakistan, Afghanistan and Central Asia. Peshawar and Charsadda have emerged as a hub for buying off season vegetables.
- A large number of farmers are interested in exploring tunnel-farming. This reflects in high demand for input supplies for tunnels, and increased produce of off-season vegetables.
- A large number of donor and donor assisted projects are now supporting investment in tunnel farming.

As a result, the demand for BDSPs who can assist in setting up and managing tunnel farms has increased. The specific services required by small landholding farmers include:

- Developing the feasibility and business plans for tunnel farms
- Setting up the tunnels including linking up with vendors who sell required equipment

- Marketing the farm produce

The BDSPs have been receiving increasing number of requests for setting up tunnels on farms in return for a fee. Although they are adept at providing enterprise development services, the BDSPs lack technical know-how of tunnel farming. The training was thereby designed for 15 selected BDSPs to enable them to provide technical as well as entrepreneurial services to farmers seeking tunnel farming solutions. The participants were selected on the basis of education, experience as a farmer, and experience as a BDSP.

viii) **Dairy Management Training**

M/S Solve AgriPak Pvt. Ltd. Lahore, was supported to attend a training course on dairy management. The Company is now able to provide consultancy services to the dairy farmers in Pakistan. The trainings focused on developing a thorough understanding of the dairy farm costs including income streams, costs, profit & loss etc. It also focussed on Milk prices and how can farmers influence them, stock keeping and its importance, Milk production relation with yield, fertility and disease, Cost of milk production, Costs of diseases, understanding and influencing feed costs. Furthermore, the second course on principles and practices of feeding the dairy cow **focussed on** latest knowledge of ruminant nutrition. The emphasis was on problem solving and on gaining experience of diet formulation. This course was specifically designed for those who are involved in giving on-farm advice including animal nutrition advisors. By the end of the course BDSP is able to solve practical problems based on knowledge of nutritional theory and devise suitable rations for dairy cows. This will greatly help in increasing the dairy productivity as the feeding is the biggest issue on dairy farm management in Pakistan.

2.3.9 Selection of Partner NGOs for formation of FEGs

In response to pre-bid conference, Twenty one (21), out of total twenty two (22) applicants submitted their proposals, which were evaluated and contract negotiations were held with selected NGOs. The sub-agreement of NGOs for formation of FEGs was approved by USAID. Upon receiving USAID approval, eleven (11) implementing partners (non-governmental organizations) have been engaged for formation of 3000 FEGs with a total of 45,000 beneficiary members and thus impacting the lives of an equal number of households (HH). FEG formation would result in employment creation by engagement of these groups into viable agribusiness enterprises, will overcome diseconomies of size and enhance bargaining power; encourage value addition mainly through , grading, packaging, branding, storage and marketing arrangements and develop long-term equitable relationships with agribusiness enterprises including traders, processors and retailers. The name of the partner NGOs are as under:-



Figure 11: Dialogue of The Agribusiness Project Staff with FEG Chaturkhand Ghizer, Gilgit.

1	Agha Khan Rural Support Program
2	Jinnah Welfare Society
3	LASOONA: Society for Human and Natural Resource Development
4	National Rural Support Program

5	Rural Community Development Society
6	Sindh Agricultural & Forestry Workers Coordinating Organization
7	Sarhad Rural Support Program
8	Taraqee Foundation
9	World Wide Fund for Nature – Pakistan
10	Roshni Development Organization
11	Hashoo Foundation

239 existing FEGs having 2,289 members formed during 2010-11 by ASF partners were re-activated by the project. Grant applications were received from these FEGs and procurement process was initiated to deliver required program.

2.3.10 Stakeholders Consultations and Capacity Building

- i) **Capacity Building and Exposure:** 30 participants (15 facilitators and 15 farmers from Farms services centers) from FATA participated in exposure visit to Islamabad, Sargodah, Faisalabad and Lahore. The participants got information regarding agribusiness development, product and problem analysis, value/supply chain development, integrated farm management practices, project and financial management, managerial skills, negotiation & sales management and gave exposure of established agribusiness.
- ii) **Consultations with Stakeholders:**
A roundtable discussion of different associations and stakeholders in horticulture sector of Karachi region was organized on November 5, 2012 in Karachi. This discussion was chaired by delegates from United States Agency for International Development (USAID). Objective was to find out the key opportunities and challenges in the horticulture sector and how best to address the identified challenges, reduce barriers and capitalize on the opportunities. Meeting with USAID delegates was held in Karachi office, briefing was given on project activities undertaken in Karachi and Sukher region
- iii) Meeting was held with National Foods in Karachi to link project supported chili producing FEGs/ producers with National foods.



Figure 12: Exposure visitor FATA Farm Services Centers representatives of Off Season Vegetable Farm – Mamu kanjan



Figure 13: Roundtable discussion - Different Associations and stakeholders in horticulture sector of Karachi region

2.3.11 Second Year Work Plan

Project second year work plan was developed and approved by USAID. During second year project interventions are focused on 17 targeted value chains in horticulture and livestock sectors. Demand driven strategy is being adopted by agribusiness project for all interventions.

2.4. Cost-Sharing Grants

The priorities for matching grant support to farmers and enterprises were identified and support models for interventions are being established.

2.4.1 Grant Support Program for Provision of Solar Dryer: There is an increasing demand in both domestic and foreign markets for dried products. The domestic market and neighboring countries are increasingly demanding high quality apricots, dates, chilies, herbs and green-leafy vegetables, which has emerged as an opportunity for horticulture development in Pakistan. However, the horticultural industry is constrained by lack of awareness on drying technology, resources (both technical and financial) as well as right skills to correctly install and operate the drying equipment. To overcome this constraint and to commensurate with the market demand, the Agribusiness project has developed and launched grant support program for the solar dryers.

2.4.2 Grant Support Program for Provision of Screen Houses: Horticultural industry is constrained by indiscriminate distribution of poor quality propagation materials resulting in the production of non-pedigree low quality produce. In discussions with stakeholders Agribusiness Project accessed that farmers are prepared to pay a higher price for true to type good quality planting material from certified nurseries, but currently have limited options to fulfill their demands. It is not only the quantity of fruit nursery plants required by the farmer that is important, but simultaneously it is also extremely important and critical that they get disease free, true to type and high quality plants, especially as fruit trees are a long term investment over many years. To overcome this constraint and fulfill demand Agribusiness project developed and launched grant support program for establishment of screen house for certified fruit plant nurseries.

2.4.3 Grant Support Program for Provision of Milk Chillers: Keeping in view milk production is the least commercialized enterprise in the agricultural economy and non-availability of cooling tanks/milk chillers at the local level is reducing profitability of small dairy farmers and is a big handicap in developing commercially oriented milk collection system, the agribusiness project has developed Grant support program to supply milk chillers to small dairy farmers. Initiative would result in increasing income of small farmers by eliminating milk wastage, increased price and availability of more milk for sales.

2.4.4 Grant Support Program for Tissue culture Labs: There is a continuous demand of disease free planting material for Banana, grapes, strawberry, potato, turmeric, ginger, etc. In specific case of banana the need to shift to cyclic replacement with a new plantation comprising cycles of one crop and one raton has been realized only recently in Pakistan. The consequent need for fresh seedlings at regular intervals has led to very large increase in the demand for clean planting material. With increasing awareness about the advantages of tissue culture raised plants in improving yield and quality, their domestic consumption is also increasing optimistically. At present there are only few labs which are operating on commercial basis, there exist a huge supply and demand gap. To overcome this constraint and fulfill supply, the Agribusiness project developed and launched grant support program for establishment of tissue culture labs.

The grant cycle-1 was announced followed by screening of applications. The grants packages for solar dryer, milk chiller, tissue culture, and screen house were developed after obtaining approval of the concepts from USAID. RFAs were issued to shortlisted applicants, after review of responses to call for EOIs, for concept based grants packages, including solar dryer, Certified Fruit Plant Nurseries in Screen Houses and Tissue Culture Labs. The District wise EDFs were prepared for 37 Solar Dryers, 89 milk chillers and 272 FEGs. Proposals on milk chillers grants and solar dryer grants were approved by Grants Evaluation Committee (GEC) and subsequently the Environmental Documentation Forms (EDFs) were submitted to USAID for approval.

The summary of progress achieved during the quarter-1 against work plan activities for year-2 is placed at **Annexure-4**.

2.5 Branding, Marking and Communication

Based on the themes and templates developed under the communication plan, there were new backdrops and standees developed in various regions. Photographs for the events were prepared based on the guidelines. The project website was completed and made live. A delegation of Horticulture industry leaders were sent to the global event, “EuroTier” for which communication material was developed.

2.6 CNFA Support to The Agribusiness Project

The agribusiness project contracted CNFA for providing necessary staff as well as local and international STTA to support the implementation of project activities. One of the main aspects of program support and capacity building involves monitoring and evaluation (M&E) and data collection to comply with project's Performance Monitoring Plan (PMP). CNFA assisted the Agribusiness Project in development of indicator reference sheets and in updating its targets against the project indicators. CNFA partnered with ASF to initiate the development of the M&E system for the project. The process involved designing the activity reporting formats, developing the data entry, analysis and reporting software, and defining the data in-and-outflow mechanism. This assistance will also involve building the capacity of the project regional teams on the operation of the M&E systems.

CNFA provided TA to the Agribusiness Project in developing, conducting, and completing its baseline survey for the nine project regions. Specifically, the CNFA team, which included both the M&E and IT/MIS staff have contributed to developing the concept note, baseline methodology, project indicators including those for gender, sample size, data collection tools, and designing the data entry and analysis software. The regional project staff and enumerators were trained on data collection. The CNFA team provided TA on cleaning the baseline data, analyzing, and reporting it. CNFA assisted the Agribusiness Project in analyzing and reporting the findings of the Participatory Rapid Horticulture Assessments and Participatory Rapid Livestock Assessments.

CNFA assisted the project in scheduling and providing logistical support for various public consultations and stakeholder meetings during the environmental assessment exercises. CNFA provided TA through its IT/ MIS team in developing project's website, providing project contents and developing value chain maps for the project regions. CNFA's assisted the project team in short-listing the business development service providers for capacity building grant, needs assessments and drafting of scopes of work and implementation plans for a capacity development program for Farm Service Centers (FSCs) in FATA, a market linkages program between National Food Limited and progressive red chili farmers, and a capacity development program for representatives of the horticulture and livestock value chains in the AJK region. The project was assisted in organizing exposure visits for representatives of FSCs from FATA and coordinated their visit to citrus clusters and a tissue culture lab in central Punjab.

CNFA assisted the project in creating underlying technical systems to manage grants provision component of its project for PMP. The project activities are contingent upon a programmatic environmental assessment (PEA /EA). CNFA provided TA for this and to conduct the initial phases of the prescribed PEA/EA. Initially, it was thought that a full PEA/EA would not be necessary but the collected data did not support a reduced EA. CNFA provided further environmental compliance TA through the efforts of M&E and Environmental Compliance Officer, who has trained the Agribusiness regional staff and the core project team on environmental protection, besides developing over 200 site specific Environmental Documentation Forms for milk chillers, solar dryers, Farmers Enterprise Groups, pickle production, tunnel farming, tissue culture lab and cold storage facilities.

CNFA's developed a request for proposal and a statement of work for development of integrated MIS. Specifications for software were developed, proposals were received, and a final vendor has been selected for software development, installation and training of staff. The consultant is anticipated to return to assist in the startup of the software implementation during the first quarter of Project Year 2. The CNFA IT/MIS and IC helpdesk team in the project office and regional offices will continue to provide technical support throughout the various software implementation phases, which includes procurement of hardware.

3 Quarterly Progress Update against Indicators

The progress against the performance indicators during the reporting quarter and overall up to end of reporting quarter is given in the table below.

Achievement Against Performance Indicators

QPR-V (October - December, 2012)

Performance Indicators	Achievements till last Quarter ending September 2012	Achievements during reporting Quarter (Oct-Dec, 2012)	Achievements up to December 2012
abdo1. Number of jobs attributable to program implementation	370	1,259	1,629
a2.1.1,3. Value of new private sector investment leveraged with USG resources	-	-	-
a2.1.3,2. Number of entities (e.g., farmers or private enterprises) that have applied new technologies or management practices as a result of USG assistance	410	117	527
aboth1. Number of rural households benefiting directly from USG interventions	712	1,061	1,773
a2.1.3,3. Number of hectares under improved technologies and management practices as a result of USG assistance	170	-	170
aboth2. Proportion of female participants in USG-assisted programs designed to increase access to productive economic resources	15%	12%	12%
a2.1.1,2. Number of micro, small and medium enterprises (MSMEs), including farmers, receiving business development services from USG assisted sources	-	110	110
a2.1.2,2. Number of persons receiving training on skill development	327	82	409
a2.2.2,1. Number of USG-assisted organizations that participate in legislative proceedings and/or engage in advocacy at all levels	-	-	-
ab2.1,1. Value of incremental sales attributed to program implementation (\$ value)	-	9,740,350	9,740,350
ab2.1,3. Number of micro enterprises linked to larger-scale firms as result of USG assistance to the value chain	-	-	-

SUCCESS STORY

USAID helps Pakistani exporting companies to get sales orders from International buyers worth USD 9.7 m through participation in the World Food Moscow, from Sep. 17-21, 2012.



Pakistani Exporters Stall at World Food Moscow.



Business to Business Meeting of Pakistani Exporters with Fruit Brothers, large importer from Russia.

One of the participants of WFM, Ms. Noushaba Shahzad, Shahzad Asia International, Islamabad, found her participation in WFM productive in terms of increasing export sales and developing linkages with two new buyers from Russia and Indonesia. She reported that as a result, her company exported 2000 tons of Mandarin worth USD 1.4 m to a buyer in Russia and 4350 tons of Potato worth USD 1.8 m to a buyer in Indonesia, and employed 10 new staff. Ms. Noushaba thanked USAID for providing opportunity to explore new markets for Pakistani products.

Increasing exports of Pakistani Fruits and Vegetables

Horticulture and Livestock sectors have tremendous growth potential and their relative importance can be gauged from high growth rate of exports from Pakistan due to ever increasing demand in high value international markets. During financial year (2011-12), the fruit exports have increased by USD 71 million over the same period last year. Pakistan is struggling to further increase exports, however, lack of infrastructure for post-harvest treatments and inefficient transport facilities result in inconsistent quality and a shorter shelf life of fruit. Every year a sizeable (30 to 40 percent in some cases) of fruits and vegetable yields are wasted and promising export markets remain untapped. These conditions deprive farmers of the profit margins attainable through sea shipment and leave an opportunity for substantial improvement in industry.

The Agribusiness Project under its International Market Access Program has been making efforts for establishing market linkages of Pakistani fruits, vegetables and livestock producers/exporters with International buyers. In September 2012, the project supported ten Pakistani fruits and vegetable exporting businesses to participate in the World Food Moscow, the largest agribusiness exposition in the Russian Federation and Central Asia. Pakistani companies exhibited more than thirteen fruits and vegetables products including dates, potato, chilies, capsicum, gourds, peaches, dried apricots, almonds and processed fresh juices.

Participation in this marketing event has not only provided an enabling environment for networking and establishing business to business contacts, but it has started showing remarkable results for increased sales to foreign markets. As of December 2012, seven companies have reported receiving nine export/sales orders worth USD 9,740,350 to buyers in Germany, Russia, (Moscow and Saint Petersburg), Indonesia (Jakarta), China Denmark, besides employing 63 new staff (42 male and 21 female) in their businesses. They have appreciated USAID support in this regard and declared participation in marketing event as a major success.

The expo was attended by a large number of international companies including major exhibitors from USA, Australia, China, Russian Federation, Argentina, Spain, Italy, Morocco, Chile, Turkey and Egypt participated. The project supported companies had business meetings with large buyers from Russian Federation including Fruit Brothers, Prodgama, Souz Contract, Magnit, Arm fruit, Akhmed Fruit, Antalia, Globus and AgroFruit. The project is aimed at increasing competitiveness in horticulture and livestock value chains through different demand driven, commercially viable and sustainable agribusiness interventions, participation in such successful business events and meetings with international buyers create a positive impact on the local businesses.

ANNEXURE-1: FINANCIAL PROGRESS

No.	Head of Account	During First Quarter October to December 2012	Cumulative till December 2012
1	Salary, Wages & STTA	506,855	1,691,759
2	Fringe Benefits	66,195	384,001
3	Travel	99,868	351,276
4	Equipment	-	439,157
5	Supplies	-	462,403
6	Communication	-	27,239
7	Security Cost	65,531	107,688
8	Training	10,276	13,275
9	Sub-Contracts	62,485	371,505
10	Sub-Grants	89,690	107,968
11	Others Direct Costs	1,137,786	2,431,893
	Total Cost	2,038,685	6,388,165

ANNEXURE-2: PRIORITIZED VALUE CHAINS THE YEAR 2 OF THE PROJECT

No.	Value Chain	Geographical Clusters ^[1]	Region
1	Apple	(1) South Waziristan Agency (SWA) FATA (S) (2) Kalat, Mastung, Killa Abdullah, Ziarat, Killa Saifullah, Quetta	DI Khan (FATA South), Quetta
2	Apricot	Ghanche, Hunza Nigar, Ghizer, Gilgit	Gilgit Baltistan
3	Banana	(1) Khairpur, N. Feroze	Karachi, Sukkur
4	Chillies	(2) Thatta, Tandojam, Tando Allah Yar, Nawabshah (1) Multan, Khanewal, Vehari, Lodhran, Bahawalpur (2) Mirpurkhas, Umerkot, Sanghar (3) Dadu	Karachi, Multan, Sukkur
5	Citrus	Sargodha, Mandi Bahauddin, TT Singh	Faisalabad
6	Dairy	Karachi, Thatta, Nawabshah Shikarpur, Sukkur, Khairpur, N.Feroz, Dadu, Larkana, Jacobabad, Qamber, Ghotki & Kashmore DI Khan, Bannu and SWA, Kurram FATA (S) Muzaffar Garh and Bahawalnagar Faisalabad, Jhang, Sargodha, Mandi Bahauddin Chakwal, Jehlum, Attock, Rawlakot, bagh Kasur, Okara, Sahiwal, Pakpattan Lahore, Sheikhpura, Gujranwala, Sialkot Mansehra, Peshawar, Charsadda, Nowshera, Mardan, Haripur, Khyber Agency, Mohmand Agency, Bajuar Agency,	All regions except Gilgit Baltistan
7	Dates	(1) DI Khan, Lakki Marwat, (2) North Waziristan, Bannu, FR Bannu (3) Muzafar Garh, Layyah, Bahawalpur (4) Kech, Panjgur	DI Khan (FATA South), Multan, Quetta,
8	Grapes	(1) Islamabad, Attock, Chakwal, Rawalpindi (2) Killa Abdullah, Pishin, Quetta, Mastung (3) Diamer, Astore, Gilgit and Ghizer Districts	Pothwar and AJK, Quetta and Gilgit
9	Guava	(1) Larkana, N. Feroze (2) Kohat & Bannu, FATA South (3) Kohat, Karak, Laki Marwat, Hangu, Bannu, DI Khan and Tank	Sukkur, DI Khan
10	High Value/Off Season Vegetables (HV/OSV)	Gaddap,(Karachi), Mirpurkhas, Tando Allah Yar. DI Khan, Karak, Kohat, Bannu and SWA, Kurram- FATA (S) Bahawalpur, Multan, Khanewal, Vehari, Chakwal, Jehlum, Rawalpindi, Islamabad, Attock, Rawlakot Faisalabad, Chiniot, TT Singh Diamer, Gilgit, Astore and Ghizer Sheikhpura, Lahore, Kasur, Okara, Sahiwal, Pakpattan Ghotki, Sukkur, Khairpur, Larkana	Karachi, Sukkur, Peshawar, FATA North, DI Khan (FATA South),Pothwar and AJK, Gilgit Baltistan, Lahore, Multan, Faisalabad, Quetta, Sukkur

^[1] Cluster maps for value chains are given in Annexure-XYZ

No.	Value Chain	Geographical Clusters^[1]	Region
11	Meat	Mansehra, Mardan, Swat, Charsadda, Haripur, Dir, Chitral, Khyber Agency, Mohmand Agency, Bajuar Agency, Karachi, Hyderabad, Mirpurkhas Chakwal, Jehlum, Attock, Rawlakot, Bagh Faisalabad, Jhang, Sargodha Muzaffargarh Lahore Sialkot, Gujranwala, Sialkot Shikarpur, Dadu, Larkana, Jacobabad, Kamber Shahdadt, Sukkur, Ghotki Peshawar, Charsadda, Mansehra, Malakand, Swat, Swabi, Khyber Agency, Mohmand Agency, Bajuar Agency	Karachi, Sukkur, Peshawar, FATA North, Pothwar and AJK, Lahore, Multan Faisalabad
12	Peach	(1) Charsadda, Peshawar (2) Swat and Dir, Malakand (3) Attock, Islamabad (4) FATA (N), Bajaur Agency	Peshawar, FATA North, Pothwar and AJK
13	Pomegranate	Rawalpindi, Rawlakot	Pothwar and AJK
14	Potato	(1) Swat, Dir, Chitral and Bajaur Mohmand Agency (2) Nowshera and Mardan, Mansehra, Swabi, FATA (N) (3) Chiniot, Faisalabad, T.T. Singh, Jhang (4) Sahiwal, Okara, Pakpattan (5) Hunza/Nager, Astore, Ghizer, Ghanche, Gilgit and Diamer	Peshawar, FATA North, Gilgit Baltistan, Lahore, Faisalabad
15	Strawberry	(1) Swat (Runners) (2) Mansehra (Runners) (3) Peshawar, Mardan, and Charsadda (Fruits) (4) Sheikhupura (Sharaqpur), Lahore (Faizpur)	Peshawar, Lahore
16	Tomato	(1) Swat and Malakand (2) Charsadda & Mohmand Agency (3) DI Khan, Tank, SWA, Kurram FATA (S) (4) Killa Saifullah, Kalat, Mastung, Chagai Noshki, Quetta (5) Shikarpur, Dadu	DI Khan and FATA (South), Quetta, Sukkur
17	Fish	Faisalabad, Jhang, TT Singh, Sargodha and Khushab Muzaffargarh, Multan, DG Khan Larkana, Shikarpur, Sukkur, Khairpur, Jacobabad, Dadu, Kashmir Mansehra, Kohistan, Charsadda, Chitral, Dir, Nowshera, Swat, Malakand	Faisalabad, Multan, Sukkur, Peshawar

ANNEXURE-3: TRAININGS AND MANAGERIAL TRAINING CONDUCTED

Sr. No	Title of Training	No. of Days	Duration of Training		Location	No of Participants of Trainings		
			From	To		Total	Male	Female
1	Export procedures for Horticulture products	5	01.10.2012	05.10.2012	Peshawar	15	15	Nil
					D.I.Khan	12	12	Nil
2	Fruits and Vegetables Processing	12	01.10.12	12.10.12	PCSIR Skardu	19	19	Nil
3	Innovative Dates Drying Techniques using solar energy	6	17.10.12	22.10.12	D.I.Khan	18	18	Nil
4	Halal Foods Lead Auditor course	5	12-11-12	16-11-12	Faisalabad	18	18	Nil
					Total:	82	82	Nil

ANNEXURE-4: SUMMARY OF PROGRESS ACHIEVED DURING THE FIRST QUARTER OF YEAR-2

Activities / Outputs	Target Year 2	Unit Cost (\$)	Annual Consolidated Total Cost (\$)	Timeframe												Progress Update
				2012			2013									
				Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	
PROJECT MANAGEMENT																
Staff Training and Capacity Development (National & International)																
a. International Training (Persons)	5	3000	15,000													Two staff members attended Agribusiness Management Training at the AIT, Thailand. Another two staff members attended Euro Tier event (November 13-16, 2012) at Germany, where Dairy and livestock products from Pakistan were introduced to international buyers.
b. National Training (Persons)	20	200	4,000													4 staff members attended 3 days training on Agribusiness Entrepreneurship and Business Planning organized by ASF-ARC at Islamabad.
c. Exposure Visit(s)	2	3000	6,000													
ENVIRONMENTAL COMPLIANCE																
Programmatic Environmental Assessment (PEA)																

Activities / Outputs	Target Year 2	Unit Cost (\$)	Annual Consolidated Total Cost (\$)	Timeframe												Progress Update
				2012			2013									
				Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	
a. Programmatic Environmental Assessment	1	LS	250,000													Amended scoping statement submitted for USAID approval. Intl. STTA is being engaged for PEA.
b. Development of Environmental Manual	1															Intl. STTA is being engaged for preparation of Environment Manual.
c. Environmental Documentation Form	1760															32 sample EDFs for milk chilling units, solar dryers & FEG components developed & approved by USAID. Separate EDFs for each activity are being developed. 141 EDFs (54 Solar Drying Units & 87 Milk Chilling Units) developed and approved by USAID.
d. Environmental Assessment/EDF for challenge grants	59															7 challenge grants initiated. Once approved, EDFs/ EAs will be carried out.
e. Environmental Assessment (lead company grants)	6															2 lead company grants initiated. EAs will be carried out.
PROGRAM IMPLEMENTATION																
Objective-1 (S-IR 1.1.1): Strengthened Market Linkages in Selected Value Chains																
Technical Assistance and Capacity Building Support under Export, Quality Assurance and Food- Safety	30	4000	120,000													Advertised EOIs for hiring consultancy firm. RFA advertised for

Activities / Outputs	Target Year 2	Unit Cost (\$)	Annual Consolidated Total Cost (\$)	Timeframe												Progress Update	
				2012			2013										
				Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep		
Compliance Certifications																shortlisting beneficiaries to acquire export certifications	
Technical Assistance and Capacity Building Support under International Markets Access Program (IMAP)	40	4000	160,000													4 companies facilitated to participate in Euro Tier.	
Development and Operation of Value Chain Platforms (VCPs) / Sector Working Groups / Platforms																	
a. Value Chain Platforms (VCPs) established	16	LS	200,000														
b. Meetings of VCP members organized	32																
Objective-2 (S-IR 1.1.2): Strengthened Capacity of Smallholders & Farmer Enterprises																	
Technical and Managerial Trainings																	
a. Selection of Training themes and priorities for training within the targeted value chain and clusters.	20	10000	200,000													Training themes identified in consultation with regional offices and keeping in view their VC priorities.	
b. Trainings organized																	The training curricula and materials will be developed & trainings imparted.
Organization of Kisan Field Schools(KFS)																FAO will be on board for activities relating to KFS formation, upon receiving USAID approval to sub-award to FAO.	

Activities / Outputs	Target Year 2	Unit Cost (\$)	Annual Consolidated Total Cost (\$)	Timeframe												Progress Update
				2012			2013									
				Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	
a. Participatory curriculum development workshops	5	2280	2,052,000													
b. Training of facilitators	5															
c. Establishment of Kisan Field Schools (KFS)	900															
d. Distribution of tools/kits to graduated KFS	22500															
Technical Assistance & Capacity Building of BDS providers																
a. BDS providers selected and provided TA and capacity building support	19	6000	114,000													EOI advertised in national newspapers.
Formation of Farmer Enterprise Groups (FEGs)																
a. Rapid market assessment ⁵																
b. Meeting with partners to determine market demand and identify number of FEGs																
c. Formation of FEGs initiated by Agribusiness Project through implementing partners	1500	1000	1,500,000													
d. Grants support to FEGs	1500	5000	7,500,000													RMA & formation of FEGs is in progress. Grant support will be initiated in second quarter.

⁵ RMA in order to determine who the buyers are, how much quantity is demanded, the quality of product demanded, and the number of FEGs/individual farmers to be organized in order to produce the required product and sell it to the market.

Activities / Outputs	Target Year 2	Unit Cost (\$)	Annual Consolidated Total Cost (\$)	Timeframe												Progress Update
				2012			2013									
				Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	
e. Business Associations/ Cooperatives /FEG Clusters /Farm Services Centers organized	55	1000	55,000													RFAs issued. Grant support will be initiated in second quarter.
f. Grants support provided to Business Associations/ Cooperatives / FEG Clusters/ Farm Services Centres	55	8000	440,000													RFAs issued. Grant support will be initiated in second quarter.
Objective-3 (S-IR 1.1.3): Improved Technological Innovation																
Matching Grant Support to individual farmers & Enterprises																
a. Call for RFPs/RFAs	205	6000	1,230,000													RFAs issued. Grant support will be initiated in second quarter.
b. Agribusiness Profiling and Prioritizing Interventions																
c. Grant support provided to individual Farmers / Enterprises																
Matching Grants for Support to Off-farm enterprises (processing, marketing and export)																
a. Call for RFPs/RFAs issued to enterprises	59	70000	4,130,000													7 Challenge grants initiated and under review.
b. Profiling Agribusinesses and Prioritizing Interventions																In progress.
c. Grants support (challenge grants) issued to enterprises as per prioritized value chains																
d. Grants support process initiated to lead company grants issued	6	800,000	4,800,000													2 lead company grants initiated.

Activities / Outputs	Target Year 2	Unit Cost (\$)	Annual Consolidated Total Cost (\$)	Timeframe												Progress Update
				2012			2013									
				Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	
SECTION FOUR: MONITORING, EVALUATION & COMMUNICATION																
a. Preparation Work Plan for Year 2 & 3																AWP for year-2 developed and approved by USAID.
b. Monthly Progress Review Meetings																Progress review meetings are regularly held.
c. Quarterly Progress Review Meetings																
Studies and Assessments																
a. Meat Industry (Part 2)		LS	621,000													SOW for Meat Industry (Part-2) developed.
b. Cattle Colony Karachi															Study completed and report submitted.	
c. Cold Chain Infrastructure															International STTA selected. Will start work in January 2013.	
d. Studies for each value chain (taking lead from the list of 16 planned VC for FY-13)															SOW for Apricot VC study developed and consultant will be sourced.	
e. Horticulture Value Chain Analysis																
f. Dairy VC Analysis															Dairy VC analysis is in progress.	
g. Fruit Plant Certification Scheme																
h. Beneficiaries Studies (Rolling Benchmarking)																Rolling baseline will be carried out at FEGs formation and selection of other project beneficiaries.

Activities / Outputs	Target Year 2	Unit Cost (\$)	Annual Consolidated Total Cost (\$)	Timeframe												Progress Update
				2012			2013									
				Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	
i. Assessment of Farm Service Centers																
j. Other studies																
k. Establishment of M&E database and Software Pilot Testing		LS														
l. On-going monitoring of program activities in accordance with AWP, Log frame and PMP		Covered from OB														Monitoring of project activities is in progress.
m. Submission of bi-weekly reports	24															Bi-weekly reports are regularly submitted
n. Submission of quarterly progress reports	4															Quarterly reports are regularly submitted
o. Information communication and dissemination		LS	228,500													In progress.
p. Outsourcing and development of Integrated MIS Software	1	120,000	120,000													Implementation imitated.
q. Project reporting on USAID Pak Info																Project Information on Pak Info is regularly updated.
r. CNFA budget	1	476,748	476,748													
s. IMLP budget	1	800,000	800,000													--
Total Budget			25,022,248													
Operational Budget			6,226,322													
Total Budget			31,248,570													
Carry Over (Grant Amount) to 2013-14			8,298,050													
Net Funds requirement for 2012-13			22,950,520													